

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW

930 RICHLAND STREET

P.O. BOX 8416

COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
RANDOLPH R. LOWELL
TRACEY C. GREEN
BENJAMIN P. MUSTIAN
ELIZABETH ZECK*
MICHAEL R. BURCHSTEAD
ANDREW J. MACLEOD
CHAD N. JOHNSTON

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

*ALSO ADMITTED IN TX

July 25, 2011

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
Post Office Box 11649
Columbia, South Carolina 29211

RE: Application of Utilities Services of South Carolina, Inc. for adjustment of rates and charges and modifications to certain terms and conditions for the provision of water and sewer service. Docket No.: 2007-286-WS

Dear Mrs. Boyd:

On June 16, 2011, in the above captioned docket, the Office of Regulatory Staff ("ORS") filed a Petition for Rehearing and/or Reconsideration ("Petition"). On July 5, 2011, Utilities Services of South Carolina, Inc. ("USSC") filed its Answer to Petition for Rehearing or Reconsideration ("Answer"). After discussing these pleadings with ORS and gaining a fuller understanding of the positions being advanced by ORS in its Petition, USSC hereby withdraws its Answer filed on July 5 because of the following:

1. USSC urges the Commission to grant the primary relief requested by ORS in the Petition. ORS has asserted that, because the Supreme Court in *Utilities Services of South Carolina, Inc. v. South Carolina Office of Regulatory Staff*, 392 S.C. 96, 708 S.E.2d 755 (2011) did not specifically direct that additional testimony be taken, the appropriate procedure is to decide the case on the existing evidence of record, which includes the un-contradicted testimony of ORS's witnesses verifying the amount of USSC's capital improvements to be allowed for rate making purposes. ORS has certainly raised a legal issue in that regard that is debatable; USSC is therefore of the view that it is unnecessary for the issue to be litigated in view of the fact that the only parties of record are in agreement with respect to the primary relief sought by ORS.
2. If the Commission denies the primary relief requested by ORS in paragraph Nos. 1-3 of its Petition and alternatively allows the new evidence directed by Order No. 2011-363 to be introduced into the record in this case in a hearing, USSC would not object

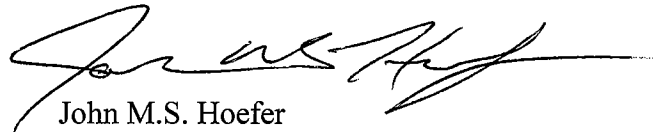
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if the Commission were to allow ORS, as the only other party of record, to cross-examine any witness(es) offered by USSC to sponsor the new evidence and should be allowed to offer testimony of its employees limited to addressing the new evidence provided by USSC pursuant to Order No. 2011-363. USSC consents to the matter being placed on the Commission agenda at the earliest possible time, as requested by ORS's letter filed on July 18, 2011.

If there are any questions about USSC's positions, please advise.

Sincerely,

WILLOUGHBY & HOEFER, P.A.



John M.S. Hoefer

JMSH/ccm

cc: Nanette S. Edwards, Esquire